

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – APRIL 18, 2002**

**PRESENT:** Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse

**EXCUSED:** Chairman John Byrne

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

According to the SA1000 report for the week ending April 14, 2002, retail sales were down –1.4%, on-premise sales were up 14.9%, off-premise sales were down –14.3%, and total aggregate sales were also down –2.3%. The traffic count decreased by 2,908, but the average sales ticket increased by \$5.66.

The W-I Total Weekly Sales report for the past week confirms total retail sales for the week were down –2.3% (\$120,614), but were up for the year by 7% (\$17,146,290). For the week, wine sales decreased –12.6% (-\$315.850), but increased 9.4% (\$10,364,188) for the year. Sales of spirits for the week increased about 8.4% (\$225,347), and also increased year-to-date by 5.84% (\$7,916,512).

##### **B. Budget Reports:**

Referring to the current Outstanding Depletions and Post-Off's report, Craig noted that there are really no vendors or brokers in arrears at this time, as the February notices were sent out late. He expects to see payments begin to come in within the next few days.

Three Commission items were on the last Governor and Council agenda – the Law contract, a rubbish collection extension and a change in banking facilities for Store #23 Conway. All three passed with no questions from the Council. Craig thanked Dave Harrison and those from his staff and John Bunnell's staff who assisted with the Law contract. John Bunnell will schedule meetings with brokers to explain the changes, particularly those which relate to pricing.

The current Expense Budget Activity Variance Report shows the year to be at about 79.45% completed, with total agency expenditures at around 79.49%.

George said he was pleased with this, and that only one or two small transfers would have to be made before year end. Additional monies have been requested for Salaries and Benefits.

George distributed income statements. He feels there is an issue with inventory levels which contributed to loss of income last month. The gross profit is down \$238,000 compared to this same time last year. He said he was pleased to see the number of delisted items, pointing out that there is \$726,000 in delisted inventory in stores right now. At this same point in time last year, this number was at \$826,000. George felt more work could be done to reduce inventory levels even further. Craig suggested looking at what is sitting there and determining if there is a faster method to eliminate stock. He said there is a need to monitor large purchases at the end of the year. John Bunnell thanked the Financial department for their input and said the Marketing Department is well aware of this problem. Stores have been notified, although it will take some time for them to react.

2. IT Reports

Howard said there was a meeting yesterday regarding web-licensing. However, Enforcement is very tight on personnel at this time, so this process may take a little longer than was hoped.

Howard distributed information on what Information Technology projects have been completed and those for which status has changed. He pointed out that a couple of ACR issues have been resolved, and that reconciliation has been achieved on the payroll system. The support contract for store hardware is out, with six vendors responding; the bid opening is scheduled for April 30<sup>th</sup>. The inventory process for the data warehouse will be done next week.

Mike Goclowski reported that there was a problem with the self-server at Law which caused the site to be taken down for three minutes. Everything is back up now on a new machine. Howard commented that this incident would not have much effect on the Commission.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for this past week were down -\$34,965.00. Stores #66 and #67 Hooksett, however, were up 7.5% and 9.3% respectively despite this. Store #76 Hampton was also up 14.43%. In Cluster 4, Store #2 Chesterfield, increased sales by almost 31% and Store #11 Lebanon was up nearly 87%.

2. Warehouse Report

Work continues on Concord Warehouse inventory, which is in good shape. Howard mentioned that in the past attempts have been made to have Concord Warehouse pricing match pricing in the Law contract. Commissioner Maiola said this would be discussed.

3. Purchasing Report

There were no significant items to comment on regarding this week's out-of-stock report.

4. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Vikingfjord Vodka):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Capstone International, Inc. for a new test market product listing for Vikingfjord Vodka, 750ML size (assigned Code #3536), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (tabled from 4/11/02):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission remove from the table and deny a request from Horizon Beverage Company/Allied Domecq Spirits for new test market listings for Hiram Walker Sour Apple Schnapps and Hiram Walker Butternips Butterscotch Schnapps, 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Recommendation (Codes #8807 & #3699):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission delist Code #8807, Salignac Cognac, 1.75L size and Code #3699, Chopin Vodka, 1.75L size, as each product failed to earn their respective gross profits required for line extensions during a six-month test market period, as recommended by

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Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

**1) New Wine Product Listings:**

**a. General Distribution (3 codes – United Beverages, Inc.):**

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve requests from United Beverages, Inc. for general distribution of the following three (3) 750ML size wine codes, each of which has earned a required gross profit of at least \$6,500 during a twelve-month period, the majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #28690, Stonehedge Merlot; Code #32908, Sterling Merlot Vintner's Coll.; and Code #22890, Chateau Simard Red. The motion was unanimously adopted.

**b. General Distribution (9 codes – Martignetti Companies of N.H.):**

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve requests from Martignetti Companies of N.H. for general distribution of the following nine (9) 750ML size wine codes, each of which has earned a required gross profit of at least \$6,500 during a twelve-month period, the majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #33952, Louis Bernard Chateaneuf Du Pape; Code #33982, Lyeth Estate Meritage Red; Code #35468, Louis Bernard Cotes Du Rhone Villages; Code #24661, Penfolds Bin 128 Coonawarra Shiraz; Code #31847, Saintsbury Pinot Noir Carneros; Code #32543, Villa Cornaro Pinot Grigio Blue Label; Code #32604, Kendall-Jackson California Vintner's Reserve Syrah; Code #33767, Sensi Chianti DOCG; and Code #33803, Joseph Mellot Sancerre. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS**

None.

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated April 12 through April 18, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

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Anthony C. Maiola, Commissioner

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Patricia T. Russell, Commissioner

/D. Hartford

